

**ELISHA MINISTRIES, INCORPORATED**  
**RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**WITH SUPPLEMENTAL INFORMATION**  
**As of and for the Year Ended July 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

**BY**

**ROSIE D. HARPER**  
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**ELISHA MINISTRIES, INCORPORATED**  
**RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**WITH SUPPLEMENTAL INFORMATION**  
*As of and for the Year Ended July 31, 2008*

**ELISHA MINISTRIES, INCORPORATED**  
**Ruston, Louisiana**

**Financial Statements**  
**and Independent Auditor's Report**  
**with Supplemental Information**  
**As of and for the Year Ended July 31, 2008**

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### **Independent Auditor's Report**

To the Board of Directors of  
Elisha Ministries, Incorporated

I have audited the accompanying statement of financial position of Elisha Ministries, Incorporated as of July 31, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Elisha Ministries, Incorporated's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elisha Ministries, Incorporated as of July 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 28, 2008 on my consideration of Elisha Ministries, Incorporated's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Elisha Ministries, Incorporated taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the

**Elisha Ministries, Incorporated**  
**Independent Auditor's Report (Continued)**

basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
November 7, 2008

## **FINANCIAL STATEMENTS**

ELISHA MINISTRIES, INCORPORATED  
Statement of Financial Position

July 31, 2008

**Assets**

Cash and Cash Equivalents	\$	51,448
Accounts Receivable		24,043
Payroll Taxes Held by Agent		7,046
Fixed Assets (Note B)		<u>-</u>
Total Assets		<u><u>82,537</u></u>

**Liabilities and Net Assets**

Liabilities:

Accrued Liabilities		4,509
Due to HUD		37,510
Credit Line		700
Payroll Liabilities		12,509
Deferred Revenue		5,392
Notes Payable		<u>11,066</u>
Total Liabilities		<u>71,686</u>

Net Assets:

Unrestricted:		
Operating		<u>10,851</u>
Total Unrestricted		<u>10,851</u>
Temporarily Restricted		<u>-</u>
Total Net Assets		<u>10,851</u>
Total Liabilities and Net Assets	\$	<u><u>82,537</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements.

**ELISHA MINISTRIES, INCORPORATED**  
**Statement of Activities**

For the Year Ended  
July 31, 2008

**UNRESTRICTED NET ASSETS****Support**

Contribution Income	\$	4,978
Conference Fees		7,124
Client Contribution-Lease Payments		15,409
In-kind Contributions		148,780
Total Support Revenue		176,291
TOTAL UNRESTRICTED SUPPORT		176,291

**Net Assets Released from Restrictions**

Restrictions Satisfied by Payments		202,411
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION		378,702

**Expenses**

Support Services		260,684
General & Administrative Expense		6,135
Operations		88,227
Total Expenses		355,046
Change in Unrestricted Net Assets		23,656

**TEMPORARILY RESTRICTED NET ASSETS**

## Grants

Federal Grant		
HUD		160,548
State Grant		41,863
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments		(202,411)
Change in Temporarily Restricted Net Assets		-
Change in Net Assets		23,656
Net Assets as of Beginning of Year		(12,805)
Net Assets as of End of Year	\$	10,851

See Accompanying Auditor's Report and Notes to Financial Statements.

ELISHA MINISTRIES, INCORPORATED  
Statement of Cash Flows

For the Year Ended  
July 31, 2008

<b>Operating Activities</b>	
Change in Net Assets	\$ 23,656
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Provision for Depreciation	10,071
Decrease in Deferred Revenue	(17,589)
Increase in Accounts Receivable	(8,666)
Increase in Due to HUD	37,510
Increase in Accounts Payable/Accrued Liabilities	<u>2,826</u>
Total Adjustments	<u>24,152</u>
Net Cash Provided by Operating Activities	<u>47,808</u>
<b>Financing Activities</b>	
Payments on Van Note Principal	(10,855)
Principal Payments on Credit Line	<u>(5,043)</u>
Net Cash Provided (Used) by Financing Activities	<u>(15,898)</u>
Net Cash Increase (Decrease) for the Period	31,910
Cash and Cash Equivalents as of Beginning of Year	<u>19,538</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 51,448</u></u>
<b>Supplemental Information:</b>	
Interest Paid	<u><u>\$ 1,717</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements.

**Elisha Ministries, Incorporated  
Ruston Louisiana**

**Notes to the Financial Statements  
As of and For the Year Ended July 31, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Elisha Ministries, Incorporated is a private non-profit organization domiciled in the State of Louisiana at Ruston, Louisiana. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. The Organization is supported primarily through federal, state and private contracts, contributions and donations from the public. The objective of the Organization is to provide housing for permanent placement of individuals affected by a chronic mental illness, substance abuse, or a related disabling disorder. The Organization is governed by a Board of Directors consisting of nine (9) members. The Board Members receive no compensation.

**Basis of Presentation**

For the year ending July 31, 2008, the Organization followed provisions of Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations. Statement No. 117 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

**Public Support and Revenue**

In order to comply with restrictions, which donors place on contracts and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consists mainly of state and private contracts, fundraising, and contributions. Contracts and other contributions of cash and other assets are reported as permanently restricted or temporarily restricted if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be unrestricted unless restricted by the donor. All assets over which the Board of Directors has discretionary control have been included in the General Fund.

**Depreciation**

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	30 years
Furniture and equipment	7 years
Automobile	5 years

**Elisha Ministries, Incorporated**  
**Notes to Financial Statements (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Organization had no cash equivalents during the audit period. On July 31, 2008, the Organization had cash totaling \$51,448 as follows:

Unrestricted	\$	8,546
Temporarily Restricted		<u>42,902</u>
Total Cash	\$	<u>51,448</u>

**Total Columns**

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B. ACCOUNTS RECEIVABLE**

For the year ended July 31, 2008, the Organization had the following receivables:

State of LA Department of Health & Hospitals	\$	1,176
United States Department of Housing & Urban Development		<u>22,867</u>
Total Accounts Receivable	\$	<u>24,043</u>

**NOTE C. PAYROLL TAXES HELD BY AGENT**

During the prior fiscal year, the Organization utilized the services of ProSource Advantage DBA Payroll Plus, Inc. for processing payroll and the related payroll taxes. For the year ended July 31, 2007, ProSource Advantage DBA Payroll Plus, Inc. held \$7,046 in undeposited payroll taxes. The Organization has paid this amount directly to the Internal Revenue Service and is pursuing a refund from the payroll agent or Internal Revenue Service.

**NOTE D. FIXED ASSETS**

For the year ended July 31, 2008, the Organization had net fixed assets totaling \$0.00. The following schedule reflects the balances in fixed assets at July 31, 2008:

**Elisha Ministries, Incorporated**  
**Notes to Financial Statements (Continued)**

**NOTE D. FIXED ASSETS (Continued)**

	<u>8/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>7/31/2008</u>
Depreciable Assets				
Vehicle	\$ 13,137	\$ -	\$ -	\$ 13,137
Total Depreciable Assets	13,137	-	-	13,137
Less Accumulated Depreciation				
Depreciation	(3,066)	(10,071)	-	(13,137)
Total Accumulated Depreciation	(3,066)	(10,071)	-	(13,137)
Net Depreciable Assets	<u>\$ 10,071</u>	<u>\$ (10,071)</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE E. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE F. DEFERRED REVENUE**

At July 31, 2008, the Organization had deferred revenue totaling \$5,392 consisting of the following:

Supportive Housing Program Grants	
Total HUD Grant Revenue	\$ 165,940
Less Grant Funds Expended	(160,548)
Total Deferred HUD Revenue	<u>\$ 5,392</u>

**NOTE G. NOTES PAYABLE**

The Organization entered into a \$25,000 (twenty-five thousand dollars) loan agreement with the La Capitol Federal Credit Union on June 24, 2005 for operating capital. The terms of the loan are five years at 7.74% interest with monthly payments of \$510 (five hundred ten dollars). At July 31, 2008, the Organization owed \$11,066 as follows:

<u>Fiscal Year</u>	<u>Principal Payment</u>
2009	\$ 5,455
2010	5,611
Total	<u>\$ 11,066</u>

The Organization entered into a \$12,637 (twelve thousand six hundred thirty-seven dollars) loan agreement with the Sparks Nissan KIA for an automobile. The terms of the loan was five years at 11% interest with monthly payments of \$276 (two hundred seventy-six dollars). The loan was paid in full as of July 31, 2008.

**Elisha Ministries, Incorporated**  
**Notes to Financial Statements (Continued)**

**NOTE H. BUDGET PRACTICES**

The Organization prepares an annual budget for its federal and state funded supportive housing programs, which are approved by the Board of Directors. As a result, “budgets to actual” comparative statements are presented for each of its supportive housing programs as supplemental information.

**NOTE I. DUE TO HUD**

For the year ended July 31, 2008, the Organization requested an excess advance of funds from HUD in the amount of \$37,510, which is due as a refund to HUD.



**ROSIE D. HARPER**

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**Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

To: The Board of Directors  
Elisha Ministries, Incorporated

I have audited the financial statements of Elisha Ministries, Incorporated (a nonprofit organization) for the year ended July 31, 2008, and have issued my report thereon dated November 7, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

*In planning and performing my audit*, I considered Elisha Ministries, Incorporated's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing an opinion on the effectiveness of Elisha Ministries, Incorporated's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Elisha Ministries, Incorporated's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Elisha Ministries, Incorporated's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Elisha Ministries, Incorporated's financial statements that is more than inconsequential will not be prevented or detected by the Elisha Ministries, Incorporated's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Elisha Ministries, Incorporated's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Elisha Ministries, Incorporated's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and questioned costs as item 08:01.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
November 7, 2008

## **SUPPLEMENTAL INFORMATION**

ELISHA MINISTRIES, INCORPORATED  
Schedule of Functional Expenses

For the Year Ended  
July 31, 2008

	Restrictions Satisfied by Payments				Unrestricted	
	Temporarily Restricted			Total	General Fund	Total All Funds
	HUD	Rural Supportive Housing	State			
<b>Support Services</b>						
Personnel Costs						
Salaries and Wages	\$ 15,416	\$ 11,635	\$ 18,727	\$ 45,778	\$ -	\$ 45,778
Payroll Taxes and Other Fringe Benefits	1,235	2,057	3,526	6,818	-	6,818
Total Personnel Costs	16,651	13,692	22,253	52,596	-	52,596
<b>Other Support Services</b>						
In-kind Support Services	-	-	-	-	148,780	148,780
Leasing	12,200	21,268	5,323	38,791	4,000	42,791
Other Support Services	334	426	24	784	-	784
Transportation	8,804	6,545	384	15,733	-	15,733
Total Other Support Services	21,338	28,239	5,731	55,308	152,780	208,088
<b>Total Support Services</b>	37,989	41,931	27,984	107,904	152,780	260,684
<b>HMIS</b>						
Personnel Costs						
Salaries and Wages	2,722	-	553	3,275	-	3,275
Payroll Taxes and Other Fringe Benefits	366	-	50	416	-	416
Total HMIS Costs	3,088	-	603	3,691	-	3,691
<b>Other HMIS</b>						
Other HMIS	3,409	-	660	4,069	426	4,495
Total Other HMIS	3,409	-	660	4,069	426	4,495
<b>Total HMIS</b>	6,497	-	1,263	7,760	426	8,186
<b>Administration</b>						
Personnel Costs						
Salaries and Wages	-	-	506	506	-	506
Payroll Taxes and Other Fringe Benefits	-	-	93	93	-	93
Total Administration Costs	-	-	599	599	-	599
<b>Other Administration</b>						
Other Administration	1,600	2,211	1,325	5,136	400	5,536
Total Other Administration	1,600	2,211	1,325	5,136	400	5,536
<b>Total Administration</b>	1,600	2,211	1,924	5,735	400	6,135
<b>Operations</b>						
Personnel Costs						
Salaries and Wages	15,741	2,056	2,023	19,820	-	19,820
Payroll Taxes and Other Fringe Benefits	2,521	364	373	3,258	-	3,258
Total Personnel Costs	18,262	2,420	2,396	23,078	-	23,078
<b>Other Operations</b>						
Other Operations	44,484	5,154	8,296	57,934	7,215	65,149
Total Other Operations	44,484	5,154	8,296	57,934	7,215	65,149
<b>Total Operations</b>	62,746	7,574	10,692	81,012	7,215	88,227
<b>Total Functional Expenses</b>	\$ 108,832	\$ 51,716	\$ 41,863	\$ 202,411	\$ 160,821	\$ 363,232

See Accompanying Auditor's Report and Notes to Financial Statements.

ELISHA MINISTRIES, INCORPORATED  
 Schedule of Activities-Budget to Actual  
 Supportive Housing Program  
 HUD Project Number LA48B405001

For the Year Ended  
 July 31, 2008

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Grants	\$ 146,342	\$ 108,832	\$ 37,510
<b>Total Revenue</b>	<u>146,342</u>	<u>108,832</u>	<u>37,510</u>
<b>Expenses</b>			
Support Services	26,755	25,789	966
HMIS Fee	11,250	6,497	4,753
Administration Services	1,531	1,600	(69)
Operating Matching Category	95,343	62,746	32,597
Non Matching Category	<u>11,463</u>	<u>12,200</u>	<u>(737)</u>
<b>Total Functional Expenses</b>	<u>146,342</u>	<u>108,832</u>	<u>37,510</u>
<b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

ELISHA MINISTRIES, INCORPORATED  
 Schedule of Activities-Budget to Actual  
 Rural-Supportive Housing Program  
 HUD Project Number LA48B405002

For the Year Ended  
 July 31, 2008

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Grants	\$ 87,413	\$ 51,716	\$ 35,697
<b>Total Revenue</b>	<u>87,413</u>	<u>51,716</u>	<u>35,697</u>
<b>Expenses</b>			
Support Services	30,850	20,663	10,187
Administration Services	4,096	2,211	1,885
Operating Matching Category	9,943	7,574	2,369
Non Matching Category	<u>42,524</u>	<u>21,268</u>	<u>21,256</u>
<b>Total Functional Expenses</b>	<u>87,413</u>	<u>51,716</u>	<u>35,697</u>
<b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

ELISHA MINISTRIES, INCORPORATED  
 Schedule of Activities-Budget to Actual  
 Louisiana Department of Health Hospitals

For the Year Ended  
 July 31, 2008

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
State Grants	\$ 87,091	\$ 41,863	\$ 45,228
<b>Total Revenue</b>	<u>87,091</u>	<u>41,863</u>	<u>45,228</u>
<b>Expenses</b>			
Personnel Costs	45,618	25,851	19,767
Other Expenses	<u>41,473</u>	<u>16,012</u>	<u>25,461</u>
<b>Total Functional Expenses</b>	<u>87,091</u>	<u>41,863</u>	<u>45,228</u>
<b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

Elisha Ministries, Incorporated  
Schedule of Cash Match & Inkind Contributions

Schedule 5

FY July 31, 2008

<b>Sources of Matching Funds &amp; In-Kind Contributions</b>	<b>Amount</b>
<b>Matching Funds</b>	
State Contract	\$ 41,863
(Contributions and Conference Fees)	12,102
Occupancy Charge/Fees Client	15,409
<i>Total Matching Funds</i>	<u>69,374</u>
<b>In-Kind Contributions</b>	
Prescription Assistance	28,000
Cash Management	44,800
Psychiatric Appointments	75,280
Psychosocial/Medical Ed	700
<i>Total In-Kind Contributions</i>	<u>148,780</u>
<b>Total</b>	<b>\$ 218,154</b>

ELISHA MINISTRIES, INCORPORATED  
Schedule of Expenditures of Federal Awards

For the Year Ended  
July 31, 2008

SOURCE OF FEDERAL ASSISTANCE AGENCY	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<b>Supportive Housing Program (Non-major Program)</b>	14.235	\$ 160,548
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		160,548
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 160,548

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

ELISHA MINISTRIES, INCORPORATED

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
WITH MANAGEMENT'S PLANNED CORRECTIVE ACTION  
Year Ended July 31, 2008

I have audited the financial statements of Elisha Ministries, Incorporated (a nonprofit organization) for the year ended July 31, 2008, and have issued my report thereon dated November 7, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of July 31, 2008, resulted in an unqualified opinion.

**Section I – Summary of Auditor's Reports**

Report on Compliance and Internal Control Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No

Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**Section II – Financial Statement Findings**

Finding-08:01

**Cash Management**

Excess Advance Funds Requested

**Statement of  
Conditions:**

The Organization requested excess funds in the amount of \$37,510 which must be returned to HUD.

**Criteria:**

The federal requirements for cash management, per 24 CFR 85.20(b)(7)(b) and 24 CFR 84.21(b)(5), require that the organization have "procedures for minimizing the time elapsing between the transfer of funds from the U.S. treasury and disbursement by the organization," whenever advances of federal funds are used. Treasury regulations, per 31 CFR Part 205.7(c)(4) states that an organization "shall request funds not more than 3 business days prior to the day on which it makes a disbursement.

**Elisha Ministries, Incorporated**  
**Schedule Of Findings And Questioned Costs With Management's**  
**Planned Corrective Action (Continued)**

**Effect:** The Organization did not disburse all advance funds within three business days after SHP funds were deposited into the bank depository account.

**Cause:** The Organization did not comply with federal regulations which requires that the organization have "procedures for minimizing the time elapsing between the transfer of funds from the U.S. treasury and disbursement by the organization," whenever advances of federal funds are used.

**Recommendation:** The Organization should establish policies and procedures to ensure sound budget control principles.

**Management's**  
**Response and Planned**  
**Corrective Action:**

*I have reviewed the audit findings and have discussed the plan of correction with the board of director's of Elisha Ministries. The agency attest that 4 employees were hired to provided budget control management and data collection. The agency moved to a new location and experience some misplaced records as well as computer soft ware clichés. We were not fully aware of the lack of management until we were near the audit and assistance was sought to try to compensate for the lack of management. We appreciate your review and concur with the findings of this audit. I do hereby respond to the findings with the following corrective actions:*

- 1. Active pursue and hire a bookkeeper/accountant as soon as possible who will have sole responsibility of proper grant management, proper disbursement of funds within time guidelines mandated by the funders.*
- 2. Maintain proper paper and technical record keeping that will be congruent and accurately reflects sound budget control principles.*
- 3. The organization will respond to granting agency by letter and mail findings with supporting documents to begin proper reimbursement to the designated agency as soon as possible.*

*Thank you for this opportunity to respond to all parties involved.*

**QUESTIONED COSTS**

There were no questioned costs.